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RESOURCES FOR INDEPENDENT LIVING, INC.**FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT****FOR THE YEAR ENDED SEPTEMBER 30, 2001**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 10/23/02

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Michael B. Bruno, CPA
Alcide J. Tervalon, Jr., CPA
Waldo J. Morel, Jr., CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Resources for Independent Living, Inc.

We have audited the accompanying statement of financial position of **Resources for Independent Living, Inc. (RIL)** (a nonprofit organization) as of September 30, 2001, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of **RIL's** management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors of
Resources for Independent Living, Inc.
Page 2

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of **Resources for Independent Living, Inc.** as of September 30, 2001, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 30, 2002, on our consideration of **RIL's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of our audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit. Also, that report identified reportable conditions which were considered to be material weaknesses.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of **RIL** taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by United States Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

September 30, 2002

 Bruno & Tervalon LLP
Certified Public Accountants

RESOURCES FOR INDEPENDENT LIVING, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2001

ASSETS

Cash and cash equivalents	\$ 15,433
Grants receivable (NOTE 7)	55,976
Amounts receivable (NOTE 8)	67,352
Property and equipment, net (NOTE 2)	59,346
Other asset	<u>430</u>
 Total assets	 <u>\$ 198,537</u>

LIABILITIES AND NET DEFICIT

Bank overdraft	\$ 20,392
Accounts payable	22,765
Accrued salaries and payroll liabilities	194,769
Accrued payroll tax penalties and interest payable (NOTE 3)	128,812
Notes payable - current (NOTE 6)	61,558
Notes payable - long-term (NOTE 6)	<u>10,999</u>
 Total liabilities	 <u>439,295</u>
 Unrestricted net deficit	 <u>(240,758)</u>
 Total unrestricted net deficit	 <u>(240,758)</u>
 Total liabilities and net deficit	 <u>\$ 198,537</u>

The accompanying notes are an integral part of these financial statements.

RESOURCES FOR INDEPENDENT LIVING, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2001

SUPPORT AND REVENUE

Support:

Department of Education	
Centers for Independent Living	\$ 274,023
Louisiana Rehabilitation Services	
Independent Living Service Programs	543,434
City of New Orleans - Project Open House	34,910
City of New Orleans - YES - NORIL	1,887
Jefferson Parish Human Services Authority	8,668
Medicaid	<u>813,600</u>

Total support 1,676,522

Revenue:

Contributions	11,306
Other	<u>317</u>

Total revenue 11,623

Total support and revenue 1,688,145

Expenses:

Program services	1,428,578
Management and general	<u>515,739</u>

Total expenses 1,944,317

Change in net assets (256,172)

Unrestricted net assets, beginning of year 15,414

Unrestricted net deficit, end of year \$ (240,758)

The accompanying notes are an integral part of these financial statements.

RESOURCES FOR INDEPENDENT LIVING, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2001

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries	\$1,122,405	\$198,072	\$1,320,477
Fringe benefits and payroll taxes	109,086	19,251	128,337
Direct assistance	38,940	-0-	38,940
Rent	37,328	37,328	74,656
Housing rehabilitation	46,221	-0-	46,221
Insurance	27,204	27,204	54,408
Audit and accounting	-0-	33,594	33,594
Consultants	-0-	39,770	39,770
Interpreter	1,245	-0-	1,245
Peer counseling	4,726	-0-	4,726
Travel	33,812	-0-	33,812
Tax penalties and interest	-0-	76,091	76,091
Interest	-0-	3,956	3,956
Repairs and maintenance	-0-	7,927	7,927
Telephone	-0-	15,077	15,077
Office equipment and supplies	-0-	13,851	13,851
Postage	-0-	1,946	1,946
Dues and subscriptions	-0-	696	696
Training and recruiting	-0-	724	724
Bank fees	-0-	25,218	25,218
Depreciation	-0-	12,371	12,371
Other	7,611	-0-	7,611
Legal	<u>-0-</u>	<u>2,663</u>	<u>2,663</u>
 Total expenses	 <u>\$1,428,578</u>	 <u>\$515,739</u>	 <u>\$1,944,317</u>

The accompanying notes are an integral part of these financial statements.

RESOURCES FOR INDEPENDENT LIVING, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

Cash Flows From Operating Activities:	
Change in net assets	\$(256,172)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	12,371
Changes in Assets and Liabilities:	
Decrease in grants receivable	558
Increase in amounts receivable	(20,069)
Increase in bank overdraft	20,392
Decrease in accounts payable	(7,954)
Increase in accrued tax penalties and interest payable	76,091
Increase in accrued salaries and payroll liabilities	<u>135,932</u>
Net cash used in operating activities	<u>(38,851)</u>
Cash Flows From Financing Activities:	
Payment on notes payable	<u>(4,666)</u>
Net cash used in financing activities	<u>(4,666)</u>
Net decrease in cash and cash equivalents	(43,517)
Cash and cash equivalents, beginning of year	<u>58,950</u>
Cash and cash equivalents, end of year	\$ <u>15,433</u>
Supplemental Disclosure of Cash Flow Information:	
Interest paid in cash during the year	\$ <u>3,956</u>

The accompanying notes are an integral part of these financial statements.

RESOURCES FOR INDEPENDENT LIVING, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - Nature of Activities and Significant Accounting Policies:

Nature of Activities

Resources for Independent Living, Inc. (RIL) was incorporated on June 27, 1988, under the provisions of the Louisiana Nonprofit Corporation Law. On October 15, 1990, the Internal Revenue Service determined that the **RIL** would be recognized as a publicly supported organization, as described in Section 501(c)(3). **RIL** is exempt from Federal Income Tax under Section 501(a) of the Internal Revenue Code. **RIL** is also exempt from income tax under the State of Louisiana laws.

RIL works towards promoting independent living philosophy to people with disabilities, their families, service providers, and the community at large. **RIL** promotes consumer control and provides services designed to enhance the personal, social, vocational and economic quality of life for people with disabilities.

RIL is supported primarily through direct and pass-through grants from various state and federal funding agencies.

Basis of Accounting

The financial statements of **RIL** have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the requirements of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, **RIL** is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

RESOURCES FOR INDEPENDENT LIVING, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Nature of Activities and Significant Accounting Policies, Continued:

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment

Acquisitions of property and equipment in excess of \$500 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of five years for its office equipment and computers.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributed Services

RIL receives a substantial amount of services donated from unpaid volunteers. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under SFAS No. 116, "Accounting for Contributions Received and Contributions Made."

RESOURCES FOR INDEPENDENT LIVING, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Nature of Activities and Significant Accounting Policies, Continued:

Support and Revenue

RIL receives grants from the Federal and State Departments' of Education, Social Services and Health and Hospitals. The support received from the Departments of Education and Social Services are recognized on a "funded" basis. Medicaid support received from the Department of Health and Hospitals is recognized on a "fee for service" basis.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Functional Allocation of Expenses

The cost of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

Compensated Absences

RIL employees are entitled to paid vacation, sick and personal days off depending on their length of service. Short-term leave (sick and personal) may be accumulated and carried forward to the subsequent years to a maximum of 240 hours. However, employees are not paid for any earned but unused short-term leave at termination. Also, vacation days may not be carried over from year to year and employees may not receive compensation in lieu of time off. However, employees will be paid for any earned but unused vacation leave if termination occurs on or before the end of the fiscal year.

RESOURCES FOR INDEPENDENT LIVING, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Property and Equipment:

Property and equipment at September 30, 2001 consisted of the following:

Office equipment and computers	\$147,429
Less: Accumulated depreciation	<u>(88,083)</u>
Net	<u>\$ 59,346</u>

NOTE 3 - Delinquent Payroll Taxes:

As of September 30, 2001, **RIL** is indebted to the Internal Revenue Service (IRS) for approximately \$260,000 in delinquent payroll taxes including \$128,812 in assessments of related penalties and interest. As of the audit report date, **RIL's** balance owed to the IRS is approximately \$300,000 in payroll taxes, penalties and interest.

Management of **RIL** has developed a plan to fully liquidate this debt which calls for making minimum payments of \$5,000 per month beginning in October 2002. Also, in August 2002, management of **RIL** has requested abatement of assessed penalties and interest.

NOTE 4 - Operating Lease:

RIL has operating leases for office space at its New Orleans and Baton Rouge locations. For these leases, **RIL** has as of September 30, 2001, contractual agreements requiring the following rental payments:

<u>Fiscal Year Ending</u> <u>September 30, _____</u>	<u>Amount</u>
2002	\$ 98,769
2003	<u>72,106</u>
	<u>\$170,875</u>

Rental expense for the current year amounted to \$74,656.

RESOURCES FOR INDEPENDENT LIVING, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 5 - Contingencies:

RIL is the recipient of funds from various state and federal agencies. The administration of the programs funded by these agencies are under the control of **RIL** and are subject to audits and reviews by the agencies or their designees. Any grants or awards found not be properly spent in accordance with the terms, conditions and regulations may be subject to recapture.

During the audit period, the United States Department of Education and the State of Louisiana Department of Social Services conducted compliance reviews of grants awarded by the respective agencies. **RIL** has submitted corrective action plans for compliance issues reported in these separately issued review reports.

NOTE 6 - Notes Payable:

The following is a summary of notes payable at September 30, 2001:

At September 30, 2001, **RIL** had a line-of-credit of \$35,000 with a bank to be drawn as needed at varying interest rates. The line-of-credit is personally secured by a former employee of **RIL**.

At September 30, 2001, RIL had drawn \$31,606 from the bank at 9.0%	\$ 31,606
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RESOURCES FOR INDEPENDENT LIVING, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 6 - Notes Payable, Continued:

Unsecured 5% note payable to a private foundation in annual installments of \$11,549, including interest, through May 30, 2003.	\$ <u>40,951</u>
	72,557
Less current maturities	<u>(61,558)</u>
	\$ <u>10,999</u>

The following are maturities of notes payable for each of the next two (2) years:

<u>Fiscal Year Ending September 30, _____</u>	<u>Amount</u>
2002	\$61,558
2003	<u>10,999</u>
	<u>\$72,557</u>

NOTE 7 - Grants Receivable:

As of September 30, 2001, grants receivable was composed of the following:

Department of Social Services,	
Louisiana Rehabilitation Services	\$34,110
United States Department of Education	<u>21,866</u>
	<u>\$55,976</u>

RESOURCES FOR INDEPENDENT LIVING, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 8 - Amounts Receivable:

RIL is a provider of supported living and personal assistance services under Medicaid contracts. Amounts receivable for Medicaid contracted services were \$67,352 as of September 30, 2001.

NOTE 9 - Unrestricted Net Deficit:

RIL has an unrestricted net deficit of \$240,758 as of September 30, 2001. **RIL** has developed a long-term strategic plan to liquidate significant debt to include notes payable and payroll related liabilities. As such, the unrestricted net deficit is planned to be eliminated within two to three years.

NOTE 10 - Commitments:

The United States Department of Education and the State of Louisiana Department of Social Services have committed to provide funding in subsequent years to **RIL** in amounts of approximately \$760,000 through periods ending September 30, 2003 and \$1,100,000 through periods ending June 30, 2003, respectively.

NOTE 11 - Concentration of Risk:

The primary funding sources of **RIL** are various pass-through and direct grants from Federal and State agencies. If the amount of grants received fall below contract levels, **RIL's** operating results could be adversely affected.

RESOURCES FOR INDEPENDENT LIVING, INC.
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 12 - Risk Management:

RIL is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, for which **RIL** carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE 13 - Fair Value of Financial Instruments:

The carrying value of cash, amounts and grants receivable, and payables approximate fair value because of the short maturities of these items.

NOTE 14 - Mortgages Receivable:

According to an agreement with the City of New Orleans, **RIL** received, in prior years, HOPE III Federal grant funds, which were used to acquire, rehabilitate and resell single-family homes to low-income families. **RIL** holds restricted second mortgages on the loans advanced to these qualified homebuyers. These second mortgages are non-interest bearing, no payments are made on the principal and in the seventh year, begin a fourteen year schedule of forgiveness. Since the likelihood that **RIL** will realize any material value from sales of properties are remote, no amount of mortgages receivable was reported in the financial statements of **RIL** at September 30, 2001.

SUPPLEMENTARY INFORMATION

RESOURCES FOR INDEPENDENT LIVING, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

<u>Federal Grantor/Pass-Through Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
U.S. Department of Education:			
Direct Program:			
Centers for Independent Living	84.132A	930053/940012	\$ <u>274,023</u>
Total U.S. Department of Education			<u>274,023</u>
U.S. Department of Housing and Urban Development:			
Pass-through program from City of New Orleans -			
Community Development Block Grant:			
Project Open House	14.218	CD#10-057(95)	34,910
YES - NORIL	14.218	55-221(00)	<u>1,887</u>
Total pass-through programs			<u>36,797</u>
Total U.S. Department of Housing and Urban Development			<u>36,797</u>
Total Expenditures of Federal Awards			<u>\$310,820</u>

NOTE: Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of **Resources for Independent Living, Inc.** and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

See Independent Auditors' Report on Supplementary Information.



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Waldo J. Moret, Jr., CPA

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
Resources for Independent Living, Inc.

We have audited the financial statements of **Resources for Independent Living, Inc. (RIL)** (a nonprofit organization) as of and for the year ended September 30, 2001, and have issued our report thereon dated September 30, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether **RIL's** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards and which are described in the accompanying Summary Schedule of Findings and Questioned Costs as items 01-02 and 01-03.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)

Internal Control Over Financial Reporting

In planning and performing our audit, we considered **RIL's** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect **RIL's** ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Summary Schedule of Findings and Questioned Costs as items 01-01 through 01-06.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 01-01 through 01-06 to be material weaknesses.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

(CONTINUED)

This report is intended solely for the information and use of **RIL's** Board, management, the legislative auditor, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

September 30, 2002



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors
Resources for Independent Living, Inc.

Compliance

We have audited the compliance of **Resources for Independent Living, Inc. (RIL)** (a nonprofit organization) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended September 30, 2001. **RIL's** major federal program is identified in the summary of auditors' results section of the accompanying Summary Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of **RIL's** management. Our responsibility is to express an opinion on **RIL's** compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations". Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements previously referred to that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **RIL's** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis of our opinion. Our audit does not provide a legal determination of **RIL's** compliance with those requirements.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(CONTINUED)

As described in items 01-07 through 01-09 in the accompanying Summary Schedule of Findings and Questioned Costs, **RIL** did not comply with requirements regarding reporting and allowable costs/cost principles that are applicable to its Centers for Independent Living program and other programs managed by **RIL**. Compliance with such requirements is necessary, in our opinion, for **RIL** to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, **RIL** complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended September 30, 2001.

Internal Control Over Compliance

The management of **RIL** is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations contracts, and grants applicable to federal programs. In planning and performing our audit, we considered **RIL**'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect **RIL**'s ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Summary Schedule of Findings and Questioned Costs as items 01-07 through 01-09.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(CONTINUED)

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 01-07 through 01-09 to be a material weaknesses.

This report is intended solely for the information and use of **RIL's** Board, management, the legislative auditor, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

September 30, 2002

RESOURCES FOR INDEPENDENT LIVING, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: **Unqualified**

Internal control over financial reporting:

- Material weakness(es) identified? **Yes**
- Reportable condition(s) identified that are not considered to be material weaknesses? **No**

Non-compliance material to financial statements noted? **Yes**

Federal Awards

Internal Control over major program:

- Material weakness(es) identified: **Yes**
- Reportable condition(s) identified that are not considered to be material weaknesses? **No**

Type of auditors' report issued on compliance for major program: **Qualified**

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? **Yes**

RESOURCES FOR INDEPENDENT LIVING, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2001

Section I - Summary of Auditors' Results

Identification of major program:

CFDA NUMBER

84.132A

NAME OF FEDERAL PROGRAM

Centers for Independent Living

Dollar threshold used to distinguish
between type A and type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

No

RESOURCES FOR INDEPENDENT LIVING, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2001

Section II - Financial Statement Findings

Reference Number

01-01

Criteria

Adequate internal controls require there be an effective accounting system.

Condition and Context

During March 2001, **RIL** installed a windows based accounting software package. This software replaced a DOS based accounting system. During the prior year and for the period prior to installing the windows based system, **RIL's** accounting system experienced significant problems resulting from "corrupt" files. As a result of the "corrupt" files, the system generated errors as well as unreliable financial and related transaction reports. Management of **RIL** elected alternatively to use a spreadsheet to accumulate and summarize transactions for the year ended September 30, 2001. Also, **RIL** was unable to prepare periodic financial statements during that period. The process used to summarize the accounting transactions, coupled with **RIL's** lack of access to certain supporting documents, did not facilitate **RIL's** ability to report expenses charged to the applicable federal and state grants by itemized expense categories such as salaries, fringe benefits, payroll taxes, supplies, etc. In addition, **RIL** was unable to prepare monthly bank reconciliations as well as perform general ledger account analysis on significant account balances.

Questioned Costs

NONE.

RESOURCES FOR INDEPENDENT LIVING, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2001

Section II - Financial Statement Findings, Continued

Reference Number, Continued

01-01

Cause

The DOS accounting software used in the recordation and generation of accounting and financial information developed "corrupt" files.

Effect

The defective accounting software produced unreliable general ledger information. Also, during the audit period management was unable to perform analytical reviews of financial information in the absence of reliable financial statements.

Recommendation

With the installation of the windows based accounting software system, financial information is being reported to management without significant problems. We recommend that **RIL** implement procedures to require the review of recorded accounting information on a monthly basis at both management and Board levels and to develop procedures to timely repair the system when errors occur.

Management's Response

Management concurs with this comment. In addition, since the conversion from DOS to windows based accounting software system, **RIL** has been processing all accounting and other financial information through the window based accounting software system. On a monthly basis, **RIL** has been performing bank reconciliations, reviewing recorded accounting information and reconciling general ledger accounts to identify and correct any errors in the ledger. Management has fully resolved this comment.

RESOURCES FOR INDEPENDENT LIVING, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2001

Section II - Financial Statement Findings, Continued

Reference Number

01-02

Criteria

IRS regulations require the timely deposit of payroll taxes within established dollar thresholds.

Condition

RIL has been assessed significant penalties and interest of \$76,091 as of September 30, 2001, for untimely payroll tax deposits and/or payments (social security, medicare payroll taxes and tax withholdings).

Questioned Costs

NONE.

Context

Total payroll tax expenses and withholding for the year ended September 30, 2001 was \$267,116.

Effect

Assessment of significant penalties and interest.

RESOURCES FOR INDEPENDENT LIVING, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2001

Section II - Financial Statement Findings, Continued

Reference Number, Continued

01-02

Cause

Failure to adhere to payroll tax deposit requirements coupled with inadequate training of personnel assigned with payroll processing responsibilities.

Recommendation

We recommend that **RIL** evaluate its current procedures for payment of required tax deposits. In addition, **RIL** should consider training staff personnel to ensure the proper and timely preparation, deposit and filings of all required payroll tax returns.

Management's Response

Management has hired staff personnel who have knowledge of IRS payroll tax regulations and experience in processing payroll tax deposits. **RIL** has made significant improvements in ensuring that payroll tax deposits are properly and timely made and that deposits and filings for all payroll tax returns are submitted to the IRS, as required.

Management has requested abatement for the accrued payroll tax penalties and associated interest. Management is optimistic that this request will be granted due to the corrupt accounting data files caused by a flaw in the accounting software. Management has prepared a strategic plan to address the payroll tax liabilities that states that **RIL** will remit \$5,000 per month until the payroll tax liabilities are fully paid.

RESOURCES FOR INDEPENDENT LIVING, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2001

Section II - Financial Statement Findings, Continued

Reference Number

01-03

Criteria

LSA-RS 24:514 requires audit reports to be completed and submitted to the State of Louisiana Legislative Auditor within six (6) months after year end.

Condition

The September 30, 2001 audited financial statements were not submitted within the previously described timeframe.

Questioned Costs

NONE.

Context

N/A

Effect

Failure to comply with State laws regarding the timeframe for audit report submission could result in the discontinuation of State funding.

RESOURCES FOR INDEPENDENT LIVING, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2001

Section II - Financial Statement Findings, Continued

Reference Number, Continued

01-03

Cause

Lack of an adequate procedure to ensure the timely submission of **RIL**'s audit reports coupled with changes in management.

Recommendation

We recommend that **RIL** review its financial reporting procedures to ensure that audit engagements are submitted to the State of Louisiana Legislative Auditor within the required timeframe.

Management's Response

RIL experienced numerous challenges with the conversion of the DOS accounting software to the windows accounting software. Due to the accounting software problems encountered, **RIL** was unable to reconcile timely to provide sufficient financial data to the auditors. Thus, the audit report was not issued within the required timeframe. However, management is confident that the 2002 audit will be submitted timely.

RESOURCES FOR INDEPENDENT LIVING, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2001

Section II - Financial Statement Findings, Continued

Reference Number

01-04

Criteria

Pursuant to OMB Circulars A-133 and A-110 relative to an effective control system.

Condition

The internal control system over financial reporting exhibited the following deficiencies:

- Several minutes of the Finance Committee and Board of Directors were missing for the audit period;
- Absence of a policy regarding use of fixed assets owned by **RIL**;
- Annual and sick leave records are not being properly maintained to document the amount of leave time earned, used and accumulated;
- Accounting manual requires updating;
- No system to ensure the preparation and review of financial statements; and
- Lack of a system to ensure the effective maintenance of all supporting documents.

Questioned Costs

NONE.

Context

All activities and programs managed by **RIL**.

RESOURCES FOR INDEPENDENT LIVING, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2001

Section II - Financial Statement Findings, Continued

Reference Number, Continued

01-04

Effect

Weakened internal controls increases the potential risk for fraudulent activity.

Cause

Failure to adhere to established policies and procedures coupled with an inadequate monitoring system.

Recommendation

We recommend that **RIL** evaluate and revise as necessary, internal controls relating to the previously discussed internal control deficiencies.

Management's Response

Management has addressed all internal control weaknesses by hiring qualified staff personnel, implementing procedures to segregate duties, and designing a system to properly maintain accounting and financial records. The following procedures have been implemented:

- The Board has requested all minutes from the Board secretary, however, she has failed to provide this information. Thus, the Board has removed her from any Board secretarial duties. Currently, Board minutes are being prepared and approved regularly and original copies are maintained at **RIL**.

RESOURCES FOR INDEPENDENT LIVING, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2001

Section II - Financial Statement Findings, Continued

Reference Number, Continued

01-04

Management's Response, Continued

- **RIL** has a fixed assets schedule that outlines all fixed assets on hand. For equipment acquired under management's administration, necessary information is available to properly amortize the useful life of the assets. This information is reflected on the fixed assets schedule.
- Leave records are maintained by the administrative assistant and leave balance reports are provided to the staff and management monthly.
- Accounting manual has been revised and approved, effective June 12, 2002.
- Financial reports are reviewed monthly after reconciliations are complete.
- Management has designed and implemented a system to maintain accounting and financial documents, effective October 1, 2001.

RESOURCES FOR INDEPENDENT LIVING, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2001

Section II - Financial Statement Findings, Continued

Reference Number

01-05

Criteria

IRS rules and regulations require an annual return for an organization of **RIL's** type that is exempt from income tax under Code Section 501.

Condition

RIL has not filed its IRS Form 990 (Annual Return of Organizations Exempt from Income Taxes) for the 2001 fiscal year. This information return was due on or before February 15, 2002. **RIL's** filed an extension request which expired on August 15, 2002.

Questioned Costs

NONE.

Context

All programs and activities managed by **RIL**.

Effect

RIL may be subject to a penalty of \$100 per day (maximum of \$50,000) and an additional penalty of \$10 a day (maximum \$5,000) which may be imposed on any officer, trustee, employee, etc., who fails to file the return without reasonable cause after reasonable demand by the IRS.

RESOURCES FOR INDEPENDENT LIVING, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2001

Section II - Financial Statement Findings, Continued

Reference Number, Continued

01-05

Cause

Lack of an established procedure to ensure the timely filing of all returns and/or reports.

Recommendation

RIL should immediately file this return to include a statement to explain the delay, to minimize the potential penalties that may result from **RIL's** failure to file its Form 990 timely. In addition, **RIL** should establish the necessary procedures to ensure the timely filing of its annual information return Form 990.

Management's Response

Management anticipates the filing of the September 30, 2001 IRS Form 990 within the next 30 days.

RESOURCES FOR INDEPENDENT LIVING, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2001

Section II - Financial Statement Findings, Continued

Reference Number

01-06

Criteria

Pursuant to OMB Circulars A-133 and A-122, and grant agreements relative to allocating charges and costs.

Condition and Context

For the period of October 2000 to June 2001, **RIL** had not developed a plan to allocate costs to various grants and programs. During this period, **RIL** was unable to document the allocation method utilized for allocated grant expenses claimed for reimbursement.

Questioned Costs

NONE.

Cause

Lack of procedures to ensure that costs are allocated to grants and programs, in accordance to the relative benefits received and that the cost allocation method is adequately documented.

RESOURCES FOR INDEPENDENT LIVING, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2001

Section II - Financial Statement Findings, Continued

Reference Number, Continued

01-06

Effect

Cost may be unallowable under a grant award if allocable cost is not distributed in reasonable proportion to the benefit received.

Recommendation

Management of **RIL** should establish procedures for allocating charges and costs to grants and programs, in accordance to the relative benefits received, as required by applicable cost principles and grant agreements. The method to allocate costs must be adequately documented.

Management's Response

RIL has been operating with approved cost allocation plans, effective July 1, 2001. **RIL's** cost allocation is approved by U.S. Department of Education and Louisiana Rehabilitation Services. Management has fully resolved this comment.

RESOURCES FOR INDEPENDENT LIVING, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2001

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

01-07

Cause

Nature of accounting records coupled with change in executive management.

Recommendation

Management should undertake the necessary steps to ensure that its single audit report is submitted within the required timeframe dictated by Federal regulations.

Management's Response

RIL experienced numerous challenges with the conversion of the DOS accounting software to the windows accounting software. Due to the accounting software problems encountered, **RIL** was unable to reconcile timely to provide sufficient financial data to the auditors. Thus, the audit report was not issued within the required timeframe. However, management is confident that the 2002 audit will be submitted timely.

RESOURCES FOR INDEPENDENT LIVING, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2001

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

01-08

Federal Program

See Schedule of Expenditures of Federal Awards.

Criteria

Pursuant to OMB Circulars A-133 and A-110 relative to the maintenance of an effective internal control system.

Condition and Context

During March 2001, RIL installed a windows based accounting software package. This software replaced a DOS based accounting system. During the prior year and for the period prior to installing the windows based system, RIL's accounting system experienced significant problems resulting from "corrupt" files. As a result of the "corrupt" files, the system generated errors as well as unreliable financial and related transaction reports. Management of RIL elected alternatively to use a spreadsheet to accumulate and summarize transactions for the year ended September 30, 2001. Also, RIL was unable to prepare periodic financial statements during that period. The process used to summarize the accounting transactions, coupled with RIL's lack of access to certain supporting documents, did not facilitate RIL's ability to report expenses charged to the applicable federal and state grants by itemized expense categories such as salaries, fringe benefits, payroll taxes, supplies, etc. In addition, RIL was unable to prepare monthly bank reconciliations as well as perform general ledger account analysis on significant account balances.

RESOURCES FOR INDEPENDENT LIVING, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2001

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

01-08

Questioned Costs

NONE.

Cause

The DOS accounting software used in the recordation and generation of accounting and financial information developed "corrupt" files.

Effect

The defective accounting software produced unreliable general ledger information. Also, during the audit period management was unable to perform analytical reviews of financial information in the absence of reliable financial statements.

Recommendation

With the installation of the windows based accounting software system, financial information is being reported to management without significant problems, we recommend that RIL implement procedures to require the review of recorded accounting information on a monthly basis at both management and Board levels and to develop procedures to timely repair the system when errors occur.

RESOURCES FOR INDEPENDENT LIVING, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2001

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

01-08

Management's Response

Management concurs with this comment. In addition, since the conversion from DOS to windows based accounting software system, RIL has been processing all accounting and other financial information through the windows based accounting software system. On a monthly basis, RIL has been performing bank reconciliations, reviewing recorded accounting information and reconciling general ledger accounts to identify and correct any errors in the ledger. Management has fully resolved this comment.

RESOURCES FOR INDEPENDENT LIVING, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2001

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

01-09

Federal Program

See Schedule of Expenditures of Federal Awards

Criteria

Pursuant to OMB Circulars A-133 and A-122, and grant agreements relative to allocating charges and costs.

Condition and Context

For the period of October 2000 to June 2001, **RIL** had not developed a plan to allocate costs to various grants and programs. During this period, **RIL** was unable to document the allocation method utilized for allocated grant expenses claimed for reimbursement.

Questioned Costs

NONE.

Cause

Lack of procedures to ensure that costs are allocated to grants and programs, in accordance to the relative benefits received, and that the cost allocation method is adequately documented.

RESOURCES FOR INDEPENDENT LIVING, INC.
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2001

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

01-09

Effect

Cost may be unallowable under a grant award if allocable cost is not distributed in reasonable proportion to the benefit received.

Recommendation

Management of **RIL** should establish procedures for allocating charges and costs to grants and programs, in accordance to the relative benefits received, as required by applicable cost principles and grant agreements. The method used to allocate costs must be adequately documented.

Management's Response

RIL has been operating with approved cost allocation plans, effective July 1, 2001. **RIL's** cost allocation plans are approved by U.S. Department of Education and Louisiana Rehabilitation Services. Management has fully resolved this comment.

RESOURCES FOR INDEPENDENT LIVING, INC.
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

SECTION I - Internal Control and Compliance Material to the Financial Statements

00-01 Untimely Accounting System

RIL should continued to evaluate its software needs, as well as develop the necessary "backup" processes to minimize the cost associated with defective software issues. Furthermore, **RIL** should establish procedures to require the review of recorded accounting information on a monthly basis at both management and Board levels.

Current Status

Partially resolved. See current year finding 01-01.

00-02 Payroll Tax Penalties and Interest

We recommended **RIL** evaluate its current procedures for payment of required tax deposits. In addition, **RIL** should consider training staff personnel to ensure the proper and timely preparation, deposit and filings of all required payroll tax returns.

Current Status

Unresolved. See current year finding 01-02.

RESOURCES FOR INDEPENDENT LIVING, INC.
SCHEDULE OF PRIOR YEAR FINDINGS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2001

**SECTION I- Internal Control and Compliance Material to the Financial Statements,
Continued**

00-03 Timely Submitted Audit Reports

We recommended that **RIL** review its financial reporting procedures to ensure that audit engagements are submitted to the State of Louisiana Legislative Auditor within the required timeframe.

Current Status

Unresolved. See current year finding 01-03.

00-04 Internal Control System

We recommended that **RIL** evaluate and revise, as necessary, internal controls relating to reported internal control deficiencies.

Current Status

Unresolved. See current year finding 01-04.

RESOURCES FOR INDEPENDENT LIVING, INC.
SCHEDULE OF PRIOR YEAR FINDINGS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2001

**SECTION I- Internal Control and Compliance Material to the Financial Statements,
Continued**

00-05 Untimely Filed IRS Form 990

We recommended that **RIL** immediately file the delinquent tax return to include a statement to minimize the potential penalties, that may result from **RIL's** failure to file its Form 990 timely. In addition, **RIL** should establish the necessary procedures to ensure the timely filing of its annual information return, Form 990.

Current Status

Unresolved. See current year finding 01-05.

00-06 Forgivable Loan Documentation

We recommended that **RIL** reconstruct documentation with assistance of the City of New Orleans of second mortgage Hope loans that may be forgiven.

Current Status

Resolved.

RESOURCES FOR INDEPENDENT LIVING, INC.
SCHEDULE OF PRIOR YEAR FINDINGS, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2001

SECTION II - Internal Control and Compliance Material to Federal Awards

00-07 Untimely Submitted Single Audit Report

Management should undertake the necessary steps to ensure that its single audit report is submitted within the required timeframe dictated by OMB A-133.

Current Status

Unresolved. See current year finding 01-07.

00-08 Untimely Submitted Annual Performance and Fiscal Reports

We recommended that **RIL** undertake the necessary steps to ensure that all required reports are submitted accurately and timely to the grantor.

Current Status

Resolved.

00-09 Unreliable Accounting System

RIL should continue to evaluate its software needs, as well as develop the necessary "backup" processes to minimize the cost associated with defective software issues. Furthermore, **RIL** should establish procedures to require the review of recorded accounting information on a monthly basis at both management and Board levels.

Current Status

Resolved.

RESOURCES FOR INDEPENDENT LIVING, INC.

EXIT CONFERENCE

An exit conference was held on October 16, 2002 with representatives of **RIL**. The contents of this report were discussed and management indicated their concurrence in all material aspects. The following were in attendance in this conference as well as previous discussions:

RESOURCES FOR INDEPENDENT LIVING, INC.

Mrs. Yavonka Archaga, CPA	--	Executive Director
Ms. Carol Robinson	--	Accounting Manager

BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Alcide J. Tervalon, Jr., CPA	--	Partner
Mr. Larry Jones, CPA	--	Manager